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THE ALUM ROCK VOUCHER DEMONSTRATION: THREE YEARS OF IMPLEMENTAT--ETC(U)

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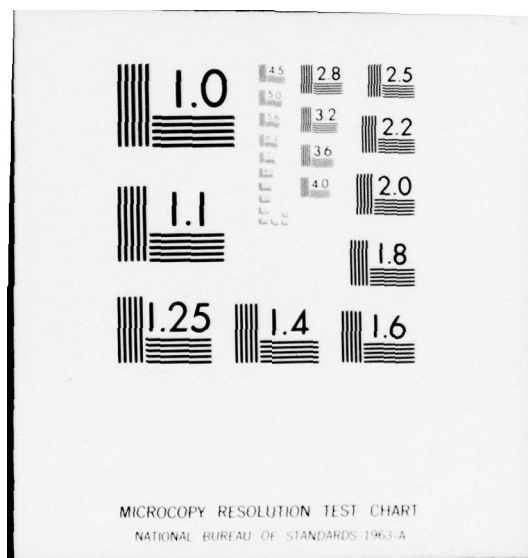
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THREE YEARS OF IMPLEMENTATION

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Eliot Levinson

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THE ALUM ROCK VOUCHER DEMONSTRATION:
THREE YEARS OF IMPLEMENTATION*

Eliot Levinson

The Rand Corporation, Santa Monica, California

INTRODUCTION

The prime aim of the transitional voucher experiment in Alum Rock was to change the operation of a school system from a public monopoly--where central office administrators allocate resources and determine what kind of education is to be offered--to a market system, where parent choice determines the amount and variety of schooling.

For this aim to be met, complex interrelated changes had to occur in the organization and operation of the school district. Schools had to develop diverse programs so that parents could have choice, budgeting systems had to be developed so that dollars could follow students, and authority had to be decentralized so that school administrators and staff could create autonomous programs. Changes were demanded in the roles, attitudes, and behaviors of participants in the school system: Central administrators were to become support personnel, principals were to have less control over instructional programs, faculties had to divide into minischools which were to compete with each other and with private schools for students. Parents were to become active consumers of educational programs.

After three years of operation, the basic changes envisioned prior to initiation of the experiment had not occurred as planned. Specifically, the decentralization of budgetary decisionmaking to the school and minischool level was gradually being eroded, competition among minischools for students had decreased, and total schools, rather than autonomous minischools, were again beginning to operate as the main organizational units. Private schools had not become part of the demonstration, and parents had not been as assertive as had been hoped for in exercising their choice.

* This paper was originally presented at the American Educational Research Association meetings in San Francisco, California, April 19, 1976. The research on which this paper was based was funded by NIE contract #B2C-5326.

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On the other hand, some benefits may have come out of the demonstration. The minischool may have had a positive effect on teacher working relationships, a new budgeting system helped to track expenditures, and a system of consultative decisionmaking among administrators improved communication between levels of the school system.

The Alum Rock voucher experiment illustrates the problems and processes of implementing organizational innovation in an education system. In Alum Rock, as in many settings of social experiments, the actual operation of the planned innovation differed from its initial design. The innovation became adapted to the larger needs of the agency responsible for its implementation. Features of the innovation that were not congruent with the goals, standard operating procedures, and routines of the school district were not fully implemented or were discarded. Before we can address the question of what effect educational vouchers have on student performance, we must know whether it is possible to install a voucher system within the context of an established public school system. What occurred during the implementation process so that the proposed voucher model did not become fully operational?

Scope and Limitation of the Paper

To comprehend the implementation process, it is necessary to look at the process over time. This Paper draws on detailed descriptions in previous Rand work on the politics and implementation of the Alum Rock voucher demonstration. Therefore, it does not describe events that have been detailed in previous studies, but attempts to synthesize and interpret the Alum Rock experience.

This Paper deals with events that have occurred in the first three years of the experiment. The findings are tentative; an analysis of the events of years four and five may alter important conclusions.

A complete understanding of the implementation process would require a discussion of the roles of federal agencies (OEO and NIE) in the voucher project. The focus of this paper is limited to events

in Alum Rock, not to minimize the impact which federal agencies may have had on the demonstration, but in recognition of the fact that implementation issues at the local and federal levels differ. Future work on the implementation of the Alum Rock demonstration will include a discussion of the federal role in implementation, as well as a discussion of the interaction between the federal and local agencies.

Framework

Previous Rand studies on the politics and implementation of the Alum Rock voucher demonstration have provided well documented accounts of the Alum Rock project. A conceptual framework is necessary to reduce the lengthy chronological record of events into an analysis of the processes which have characterized the implementation of the voucher demonstration. The framework must take cognizance of the following factors involved in the implementation process: (1) characteristics of the school district organization; (2) characteristics of the proposed voucher system; and (3) the interaction of the innovation and the school district over time.

This study interprets the implementation of the voucher demonstration by looking at the process of change over time. Each stage of change is treated as a "time frame" which has its own unique set of purposes, behaviors, and intended outcomes.

The three stages observed in the demonstration are mobilization, implementation, and institutionalization.* They occur in a relatively linear sequence, yet the final outcome is much more complex than that suggests. At each point along the time continuum different choices are made, choices which essentially "lock" the project into one particular pattern. Final outcomes can be traced back through the pathways of change to the project's beginning.

*This conceptual framework has been suggested by other Rand research on the process of change and innovation. See P. Berman and M. W. McLaughlin, "Federal Programs Supporting Educational Change, Vol. 1: A Model of Educational Change," The Rand Corporation, R-1589/1-HEW, September 1974.

During the mobilization phase the political, organizational, and economic costs and benefits of an innovation are assessed, and organizational commitment to the innovation is created. The decision to undertake an innovation may be opportunistic (money is available), problem oriented (the attempt to meet a defined need), or some combination of these motives.

The implementation phase involves the installation and execution of the project in the district or school(s). There are three possible processes of the implementation stage. These are: (1) "mutual adaptation," in which both the institutional setting and the project design are modified; (2) "cooptation," in which the project is modified to serve the needs of the implementing organization, though the organization itself does not change; and (3) "nonimplementation," in which neither the project nor the institution undergoes change. Which of the three occurs depends on local circumstances, how motivated people are during mobilization, the complexity and scope of the proposed change, and the implementation strategy. Recent Rand research indicates, and our findings corroborate, that mutual adaptation of the project and its setting are central to successful implementation.

The institutionalization phase occurs when the school district decides to continue or discontinue the innovative project when the federal grant ends. Institutionalization is a process rather than a single decision point; it occurs over time and often certain features of a project will be incorporated into district operations, while others will not. The more innovation has affected the basic functioning of the school system, and the less dependent it is on supplementary funding, the more likely it is to be institutionalized. The extent of institutionalization will depend largely though not exclusively on what happened during the mobilization and implementation phases.

Organization of the Paper

The Paper is divided into four sections:

Mobilization--the period prior to the initiation of the demonstration; a discussion of the issues involved in Alum Rock's decision to undertake a voucher demonstration.

Implementation--issues involved in the installation of voucher components. This discussion will include events occurring between the first and third year of the demonstration. Particular attention will be paid to ways in which the district adapted to various features of the voucher demonstration.

Institutionalization--the district's decisions to incorporate or discard features of the demonstration into its ongoing operation as the demonstration begins to come to an end.

Interpretation--the major processes involved in the implementation of the demonstration throughout stages of its life cycle.

Summary and Conclusions--the major findings of the study.

MOBILIZATION

By the early 1970s, most of the initiatives in urban school reform were widely viewed as disappointments. They had not made schools more accountable to the urban poor, as had been hoped, and attempts to implement them were marked by frustration, local resistance, and acrimony. OEO became interested in educational vouchers because they believed vouchers to be more "interference-proof" than prior reform efforts: It was believed that if the allocation of resources to schools was determined by consumer choice, the schools would become accountable to consumer demand.

Between 1970 and 1972, OEO awarded grants to six school districts to investigate the feasibility of implementing vouchers. With the exception of Alum Rock, all of the districts declined to proceed with the experiment. Reasons appear to have been varied, but included previous political upheaval involving the schools, the opposition of local teacher organizations, the indifference or suspicion of parent groups, and widespread opposition to making private and parochial schools eligible for public funds.

By the spring of 1972, OEO had to find a school system that would attempt a voucher experiment, or surrender the funds that had been earmarked for such a project. The OEO planners believed in vouchers and were willing to modify their requirements in order to find a school system that would attempt the experiment.

The Alum Rock School District had been touched by the social upheaval of the 1960s. A small but vocal number of activist community groups complained that the schools were not educating their children. School vandalism and fires had increased from previous levels, and the school district was in financial difficulty in 1969. William Jefferds, the superintendent who had been appointed in 1968, wanted to respond to the problems of the district by encouraging schools to be responsive to local neighborhood needs, and by securing sufficient finances so that the school district was not constantly dealing with financial problems.

Alum Rock in 1970 was a medium-sized urban school district of 25 schools and 15,000 students. Despite the problems of the 1960s, the superintendent enjoyed good relations with the Board, the administrators, the majority of the community, and the teacher organizations. The district did not suffer the fragmentation and divisiveness common to the bureaucracy of many larger urban school districts.

In 1971 a feasibility study of vouchers sponsored by OEO was about to be voted down by a committee of teachers, parents, and community members. At the last minute, the committee report was postponed pending action by the state legislature on a bill that would permit experimentation with vouchers.

Immediately following the moratorium on the voucher feasibility study, OEO, at the request of the superintendent, provided the district with funds to be used in the training of staff for decentralization and preparation for possible inclusion in a voucher experiment. The district employed the Center for Human Resources and Organizational Development (HRC) to conduct the staff training. HRC conducted communications and sensitivity training with the central staff, a group of principals, and a few school staffs. Subsequently, a group of six principals decided to participate in the voucher demonstration, and convinced their staffs to go along.

In the fall of 1971, the California legislature failed to pass legislation permitting entrance of private schools in a voucher demonstration. District officials then approached OEO with the possibility of an all-public school transitional voucher model. Faced with the loss of voucher funds, the OEO staff was willing to entertain such a model, which was to include private schools if and when enabling legislation was passed by the legislature.

The period from January to April of 1972 was a period of negotiation between OEO and the school district. Each party to the negotiations wanted certain guarantees before participating in the experiment. Teachers wanted job security and sufficient resources for innovation. Principals wanted autonomy over their schools. Parents wanted the guarantee of neighborhood schools. OEO wanted a functioning voucher experiment and was willing to accept a "minimum

design" for a system where there would be educational diversity, competition among schools for resources, parent choice, and incentives for schools to accept poor children.

In other districts where voucher feasibility studies had been conducted, the opposition of teacher organizations had been a major factor in the defeat of the experiment. The Alum Rock Educators Association (AREA) was an atypical teacher organization in several respects. The teachers enjoyed good working relationships with the superintendent; in addition, the leadership was very independent and community oriented. They did not automatically follow the stated policy of the N.E.A. or the California Teachers Association. The AREA kept officially neutral of the voucher issue, leaving it up to teachers in individual schools to decide if they wished to participate in a voucher experiment.

A key actor in the mobilization period was Dr. William Jefferds, the district superintendent. Jefferds envisioned vouchers as a means of decentralizing the schools, making them more responsive to the community, and getting needed dollars into Alum Rock. Jefferds was able to make the voucher experiment attractive to a cadre of teachers, principals, and administrators within the district; externally, he was able to negotiate effectively with OEO to tailor the conditions of the experiment so they would be viable for his constituents. Jefferds' timing was an effective part of his strategy. He prevented the Board from voting down the initial feasibility study by calling a moratorium. He then used the extra time to make vouchers attractive to the district personnel through organizational development training. The failure of feasibility studies in other locations and the need for OEO to find a voucher site in the spring of 1972 made it possible for Jefferds to obtain reasonable terms for the experiment from OEO.

The final agreement of March 1972 provided that the experiment would initially consist of six of the district's 25 schools. All schools involved would volunteer to participate, and when possible, only volunteer teachers would be used. Furthermore, each participating school would offer at least two alternative educational programs

or "minischools." The programs and budgets of the minischools were to be controlled by the teachers. The existence of the minischools allowed parents choice within their neighborhood school, although they could choose any minischool within the six-school voucher system. The size of each program was to be determined by parent demand. All six schools were expected to have 10 percent unused capacity in 1972, and access to portable classrooms was arranged to accommodate any enrollment beyond their capacity. As a guarantee of job security, a fund was created by OEO to pay for the services of any teacher who could not be placed in the voucher program due to a lack of parent demand.

There was one legal constraint on the school system which had an important effect on the design of the demonstration: The school board could not legally relinquish its authority over the operation of any of its schools. This prevented the establishment of an independent voucher authority to establish rules and policies for the voucher demonstration; it kept the authority over the voucher schools under the school Board and the central administration.

A private organization, Sequoia Institute, was placed under contract by the district to advise the superintendent on implementation of the demonstration. Sequoia staff were to be responsible for formative evaluation and the provision of parent information and counseling, while the district, with the help of C. Martin Leinwand Associates (under contract to OEO), was to develop attendance and budgeting systems. Sequoia was established specifically for the purpose of managing the voucher demonstration. Joel Levin, the director of Sequoia, had been the field agent for the Center for the Study of Public Policy* who had helped negotiate the voucher agreement with Alum Rock. Levin reported directly to the superintendent, and although he had no formal authority, he and his coordinators of management systems, evaluation, and parent counseling

* The Center for the Study of Public Policy acted as a liaison for OEO with school districts and legislatures considering vouchers.

had some influence over the formation of voucher policy. The Sequoia personnel were all new to the Alum Rock School District.

Ambiguities

On its face, the agreement between OEO and Alum Rock appeared to be a mutually satisfactory and implementable agreement. First, both parties adapted to the others' needs and yet both appeared to have accomplished most of what they wanted: OEO got a voucher system where parent choice would determine resource allocation to schools, and Alum Rock got a stimulus to further decentralization, and acquired funding for innovation. Second, the participants who would be involved in the demonstration were given incentives to join the demonstration, and appeared committed to its success. The teachers and administrators had volunteered, they would have extra resources to implement programs, and they maintained their job security. Third, the parents received a choice of programs and a guarantee that they could send their children to schools that they were already attending.

The cost of an agreement which seemingly pleased all parties was a proposal that was tentative, ambiguous, and potentially open to misunderstandings. It discussed cross-management of school sites but did not spell out how it would work. It discussed parent participation in decisionmaking but did not specify the form it would take. It said that dollars would be tied to enrollment but did not specify the budget mechanisms or rules. It said that Sequoia Institute would be responsible for parent information, evaluation and budget development, but it was vague in describing what these functions consisted of and how they would be carried out.

The proposal was specific in the following areas: It stated that there would be parent choice. It said that the program would expand to at least 8,000 students in the second year. It said that quarterly transfer of students would be allowed and that at least two minischools would exist for each school. Another specific provision was that OEO funding would be negotiated one year in advance so that the district could prepare for the phase-out of funds, and

not lose its funding abruptly. The proposal was also highly specific in the dollar amounts to be allocated to the district for the demonstration (\$1.4 million for year one).

The ambiguous language of the proposal could have allowed for some flexibility of implementation in an untried innovation. Or, it could have allowed both parties to agree to a very general proposal and thus prevent the emergence of conflict. The ambiguity allowed OEO the opportunity to get a foot in the door with the hope that in the future the program would become more voucher-like. At the same time it allowed Alum Rock to accept the money without having to be too accountable for specific ways of using it. The flexibility of the agreement was a necessary condition for its acceptance by Alum Rock and OEO, but its lack of specific implementation criteria left the way open for potential misunderstandings between the school district and the funding agency.

One example of conflict caused by ambiguity in the agreement was the conflict between principals and teachers over decisionmaking in the areas of budget and curriculum. Principals had authority over certain discretionary monies that applied to the entire building (i.e., state compensatory funds, Title I, and bilingual), while minischools had authority over compensatory voucher monies and their own curricula. Furthermore, the principal, although usually not an expert in the program content of his various minischools, had the responsibility for evaluating all teachers in his school. This dual form of program and building organization allowed a transition from the old to the new system of school organization and gave both principals and teachers control of discretionary resources, but it limited the potential development of the minischools as autonomous units, since most programs were limited to one school site.

Review of Mobilization

In summarizing the mobilization period several points are worth remembering:

- o The particular conditions existing in Alum Rock in 1971, including the size of the district, the character of its teacher organizations, financial problems, and desire for decentralization were all important factors in making Alum Rock the one school district to attempt a voucher demonstration.
- o The self interest of both OEO and Alum Rock were major motivating factors in bringing about an agreement.
- o The activities of the organizational development group (HRC) were important in preparing administrators and teachers to attempt the voucher demonstration.
- o There were ambiguities in the agreement between the district and OEO. It was general enough to allow both parties to agree, but not specific enough to avoid varied interpretations of the agreement.
- o Since vouchers were untried there was little knowledge at OEO or in the district of potential implementation problems.
- o OEO was in a more tenuous negotiating position than the Alum Rock school district. This limited OEO's ability to establish specific performance criteria for the conduct of the innovation.
- o In establishing new organizations and procedures for the voucher system, new features such as parent choice and minischools were grafted on to the existing system.
- o The superintendent played a key role in orchestrating the internal constituencies in the district and OEO to bring about the demonstration.

IMPLEMENTATION

The voucher demonstration in Alum Rock has shown again that the theoretical vision and the practical reality of major social experiments almost always differ. During the implementation phase the broad, untried design of an ideal voucher system was tempered by the political, technical, and organizational realities of the Alum Rock school district. During this period of adaptation between the voucher model and the school organization, the identity of the voucher system in Alum Rock emerged. It is this period that has provided the richest evidence on what aspects of a voucher system can be adapted to operate within the public schools.

The main features of the implementation period are as follows:

- o The voucher system was treated as a series of independent components. These were introduced gradually and implemented as incremental changes. Although the initial changes seemed large, the structure of the school system was affected only marginally over time.
- o The basic mechanism assumed to underly the operation of a voucher system--that parents would be aggressive consumers of educational programs causing schools to compete with each other for limited resources--did not function as strongly as had been hoped for.
- o The process of negotiated decisionmaking involving all participants in the demonstration, begun during the mobilization period, continued through the implementation phase.
- o The centralizing forces of a public school system, including district-wide teacher contracts and fiscal accountability, limited the amount of decentralization and autonomy possible at the school and program level.
- o Generally, the school district implemented primarily those features of the voucher plan which furthered the district's central purposes.

- o Federal agencies (OEO and NIE) intervened minimally in the district's efforts to conduct the experiment.

Incrementalism: The Practice of Change in Alum Rock

The concept of incrementalism was central to the implementation of the Alum Rock demonstration in two ways: (1) the changes brought about by the demonstration were implemented sequentially rather than concurrently, and (2) the implementors usually attempted supplemental innovations--changes which augmented the existing system rather than those which replaced existing operating procedures.

The voucher experiment was envisioned by its proponents as a unified structural change in the operation of school systems. In order to effect this basic change, the components of a voucher system--parent choice, parent information, evaluation, and per pupil budgeting--had to be put into effect. These components were not entities unto themselves but rather necessary individual parts of the total voucher machinery.

The district and Sequoia personnel did not have the resources, time, and expertise to undertake concurrently the complex and basic changes in district operation suggested by the voucher model. A voucher system had not been tried before, so the mechanisms necessary for its operation had to be developed. The school district approached the problem in a reasonable way, and the only way possible--they undertook the implementation of the voucher components sequentially. (The first year emphasized the implementation of minischools; the second year emphasized the implementation of a budget system; and the third year emphasized the evaluation of programs and provision of information to parents.) The problem with incremental implementation is that if the components are treated as individual entities, rather than as parts of a whole to be meshed together, then the innovation, although interesting and beneficial, may not conform to its original plan, since the relationship of the components to the whole can be ignored.

The district's incremental approach to implementation was not simply a matter of choice on the district's part. The interplay of

political and technical factors significantly determined the district's actions in implementing the voucher demonstration. Politically, for the voucher to function, all of the parties involved would have to agree to major decisions affecting them. This meant that decision-making would be a negotiated process among the major participants in the demonstration, and the proposed new budget and information systems necessary to the functioning of the voucher system posed technical problems which demanded considerable time to solve.

The proposed voucher system suggested an operation that was radically different from what had existed previously in the school district. The established organization and routines of the Alum Rock School District had been developed over several decades. Given the complexity, uncertainty, and radical nature of the change proposed by vouchers, it was natural for the school district to innovate gradually and to hold on to aspects of their pre-existing organizational arrangements and routines.

The school district moved gradually in placing the voucher components into operation. During the first year, a parent choice mechanism was put into place with the creation of minischools and the provision of information to parents in the form of descriptions of each minischool program. A central voucher staff was hired, but its proposed evaluation and parent counseling functions were curtailed by the six voucher school principals, who got the superintendent to agree that parent counselors would answer to building principals, and that parents would not receive evaluation information until the end of the second year of the experiment. During the first year, EVAC (the Educational Voucher Advisory Committee--an advisory group of voucher parents and teachers who were to advise the Board on voucher policy) was established, though its function was only loosely defined. An income-outgo budget to tie dollars to school enrollment on a continuous basis was planned, though not implemented. (In the first year, dollars were tied to enrollment at the beginning of the year.)

The first year was a year to be survived, a year of on-the-job organization. The main outcomes were the establishment of minischools and the planning of the voucher budgeting system.

The second year was a year of program expansion and attempts to implement more features of the demonstration. The experiment was doubled in size to 13 schools and 45 minischools, as the original proposal had promised. Satelliting--a method for popular programs to expand into available space in unfilled schools--was attempted and failed due to problems with management across school sites. Finally, utilization of a curriculum coordinator and psychological services were to be determined by minischool demand rather than by central allocation. However, the school district encountered problems in administering the decentralized services. The district often did not charge schools for the services they used, and schools did not purchase the amount of services the district expected them to. The district recentralized these services for the third year because it had incurred financial losses having to pay salaries of people whose services had either not been used or not charged properly.

An important part of the second year's effort was the operation of an income-outgo budget to relate dollars to enrollment. The budgeting system generally worked well technically, and it was decided to expand it to all schools in the district for year three. However, basic carry-over funds (district monies earned by minischool based on enrollment) earned by voucher programs were removed at the end of the year in order to balance the district budget.

After long negotiation with teacher organizations, the district finally approved a plan to admit a private school into the experiment. However, the potential autonomy of the school had been limited in the negotiation process, and given the long delay involved in getting the school off the ground, many parents lost interest and too few of them signed up for the school to open its doors.

At the end of year two, three new programs had been born and three had died due to lack of demand. Overall, shifts in program size were slight. The failure of satelliting brought about the agreement to fix total school size for the third year and to allow minischool size to "float" until early June, when minischools could choose to project their fall enrollments based on the June enrollment figures. Parent choice was expanded by abolishing squatters' rights,

the guarantee that a child could attend his neighborhood school. This was allowed because the low rate of transfers to schools outside of neighborhood school zones, combined with excess capacity in schools, had made squatters' rights unnecessary.

In the second year, the parent information system did not change significantly. The activities of parent counselors were held subordinate to the wishes of the principals. Evaluation information was not made available to parents at the end of the second year because of technical problems in the analysis of test scores.

By the end of the second year, fragmentation and suspicion among the central staff, Sequoia, voucher and nonvoucher principals had abated and decisionmaking was being accomplished for the district as a whole rather than by voucher and nonvoucher groups. The organizational development firm (HRC) which was hired to do communications training for the demonstration completed their work, and Sequoia Institute, the group hired to implement the voucher system, became identified as part of the district rather than as an outsider.

The third year was dominated by budgetary concerns. The end of federal voucher funding became visible, the local revenue base was decreasing due to declining enrollment, and district costs were increasing due to inflation. Teachers and aides were laid off. This in turn affected minischool programs, since layoff policies are based on seniority and did not take into account the needs of special programs (such as bilingual programs) that require specially trained teachers.

Program autonomy was further affected by the merging of all compensatory monies into one fund for the fourth year. The allocation of these funds was done according to guidelines established for the distribution of California compensatory funds. These guidelines required the submission of rigorous planning documents. Schools submitted their plans for use of compensatory funds as total units rather than as minischools. This decreased the autonomy which minischools had previously enjoyed.

In order to assure future financial solvency for the district as a whole, class sizes were fixed so that it no longer was possible

for programs to acquire extra money by taking in extra students, unless a class was below the maximum in size. The fixing of class sizes allowed the district to predict accurately how many teachers they would need. The removal of basic voucher carry-over funds from minischools for the second year in a row further decreased the incentives for minischools to operate autonomously. Due to the district's financial problems, a policy was established that schools could not use compensatory funds to lower class size in the fourth year.

At the end of the third year, continuous income-outgo budgeting was replaced with a budget that was adjusted twice during the year. The principals thought that two budget adjustments per year would give them the same income and discretion they had previously, without the large amount of work necessary accompanying budget adjustments.

Just when it was being decided to recentralize the budgeting system, parents for the first time were receiving comparative information on student cognitive performance and attitudes of students toward school. They also received booklets on how to interpret program results, how to visit schools, and how to select programs for their child. Nevertheless, 1,500 fewer parents than the previous year had registered for voucher programs by May 30, the last date which guaranteed them their first choice of program for the fourth year. The lack of consumer interest made it possible for schools not to shift the size of minischool programs since they could either keep enrollment open until school began in the fall or project the minischool's enrollment based on the percentage of total enrollment in each minischool as of May 30. For the fourth year, there were no births or deaths in each minischool as of May 30. For the fourth year, there were no births or deaths of minischools, and there was very little shift in minischool size.

Parent advisory committees were established for all voucher minischools during the first year, and in the second year advisory boards were required for all district schools. However, in most schools, their impact was negligible. By the end of the third year, only 50 percent of minischools advisory boards were still functioning.

For the fourth year, schools were given the option of having only school-wide advisory committees if they did not want minischool advisory boards

In analyzing the history of the voucher system components--parent choice, parent information, budgeting, and parent participation--two aspects of incrementalism emerge: staging and reliance on extra resources.

Each year emphasized the implementation of one component at a time. By the time evaluation and information were made to function, however, the district's mechanisms for changing the supply of program choices had been curtailed, and incentives for minischools and total schools to compete for resources had been reduced because the core mechanisms of voucherization had been diluted, satelliting had been eliminated, class sizes were fixed, school maximums were fixed, and private schools failed to enter the system.

At no time were all of the components that comprised the voucher system in operation together. The fact that the voucher concept was broken into components is understandable. Since vouchers were a new phenomenon, there was neither the knowledge nor the time to implement all demonstration features at the outset. Also, as there were few guidelines for the implementation of system components, they were modified to conform to their environment, which inadvertently affected other components. For example, since satelliting caused cross-management problems, school sizes were fixed. The result of fixing school sizes was to assure that schools not in great demand would at least achieve a modest enrollment. This reduced the incentive for schools to compete for students.

Another facet of incrementalism was that, to some degree, voucher money was used to create more of already existing services. One example is the compensatory voucher, which provided discretionary money to minischools. Another is the administrative budget, which provided discretionary money to principals for increased clerical and administrative help.

However, some of the grant was used to develop services that did change the basic way in which the school system functioned. Examples are the income-outgo budget and the provision of information to parents.

INSTITUTIONALIZATION

The institutionalization phase reflects the effects of the mobilization and implementation processes. If successful incorporation takes place, the standard operating procedures of the organization change in the direction initially intended.

The three phases overlap; thus the implementation phase itself is not yet complete. Nevertheless, the shrinkage of available funds and preparation for NIE's eventual withdrawal of support from the project has dictated that some decisions about institutionalization be made early. At this time, comments on institutionalization should be considered exploratory since the process is just beginning.

The main features of the institutionalization process to date are:

- o There is a process of incremental recentralization occurring at different levels of the school system.
- o The organizational core of the school system has been kept intact. Moreover, as organizational slack, i.e., (discretionary resources and discretionary influence) decreases, centralization increases.
- o Those parts of the innovation that remain are either beneficial to or at least do not endanger the school district's established means of operation.

Recentralization: An Incremental Process

Recentralization, like decentralization, is an incremental process. In year four, there is a pattern of recentralizing and standardizing certain components of the voucher system. At the district level, maximum school sizes have been fixed, voucher portables have been removed, class sizes have been fixed, and a rule that schools cannot hire personnel in order to lower class size has been established.

These decisions reflect the district's response to its precarious budget situation. They also dramatize the basic contradiction between

decentralization of fiscal decisionmaking and the district's need for strong fiscal controls to guarantee its solvency.

Recentralization has also occurred at the school level. During the first three years, minischools decided how they would use their own compensatory voucher money. Principals and staff decided how to use the other discretionary funds in a school. For the fourth year, all discretionary funds were merged into one pot, to be distributed to schools on the basis of reading scores. The lower the scores, the more money a school received. With the exception of four schools, minischools and principals planned uses for this money as if they were total schools.

There have been several reasons for this recentralization at the school. The paper work required for planning was too cumbersome for each minischool to complete on its own. The principals no longer had their own discretionary budgets, which increased their desire to control the total school budget. The fixing of class sizes and the removal of basic carry-over funds diminished the incentive for minischools to administer their own funds, especially since most principals allowed minischools limited discretion over expenditures.

The probable result is that minischools will lose program diversity, for as resource planning is done by total schools, minischools will enjoy less program discretion. Only four schools were to budget by minischool in the 1975-76 school year. Schools had the option of having or not having minischool advisory boards, though school advisory boards were still required. Another feature negatively affecting diversity was the teacher transfer policy, which stated that a minischool must take an "excessed" teacher regardless of the special needs of that minischool. This means that a minischool with a special philosophy or content area must accept personnel who may not fit its needs.

The reversion of budgetary and advisory functions to the school level reflects one of the contradictions built into the project's design: there is conflict when minischools and principals have to share budgetary and curricular control. As long as there were extra resources, this dual authority could exist. But now that planning

has been placed at the school level and there is less discretion in the system, minischool autonomy appears to be eroding.

The recentralization process, however, is not due solely to a shrinkage of funds and autonomy. It is also due to some dissatisfaction among teachers and principals working within the voucher system. They did not like taking on added responsibilities such as budgeting and working with parent advisory groups. They did not like feeling competitive with peers in their own school and with other schools. They were anxious about the uncertainty of enrollments.

The budget crisis, therefore, provided an opportunity for principals and teachers to rid themselves of aspects of the voucher system which they thought were unpleasant, such as competition for enrollment, while maintaining some of the advantages of that system, such as minischools, which allow teachers to work in small groups, and participatory decisionmaking.

It is important to note that recentralization is gradual. Minischools still exist in name and currently still retain authority over curriculum. However, they do not make unilateral decisions on the expenditure of compensatory funds. These decisions are made by principals and representatives of total school staffs with the advice of school-wide parent advisory boards.

What Remains

The following features of the demonstration are currently remaining in some form: free transportation, open enrollment, minischools, parent advisory committees, parent choice, parent information, a budgeting capability, and an evaluation capability. At this time it is unclear in what form they will remain as federal money is withdrawn from support of the experiment.

The evaluation and budgetary capabilities, although established for the voucher demonstration, are being maintained by the school district. These functions will probably be of help in monitoring program and fiscal performance in the school system, whether operations are centralized or decentralized.

Parent advisory committees at the school level increase communication between the schools and their constituents. But they do not have formal authority in the operation of the schools.

Parent choice exists but the absence of a genuine demand and supply mechanism limits its effectiveness. Parent counselors provide voucher information to parents but their jobs are mainly involved with the mechanics of registration of students in programs, and distribution of parent information packets.

Minischools remain but their financial discretion has been eroded and teacher transfer rules continue to limit the diversity of programs.

INTERPRETATION

Certain underlying factors and processes have been present throughout all phases of the innovation's life cycle and have significantly affected the implementation pattern of the demonstration.

The following stand out:

- o The underlying assumption of a voucher system that parents would actually use their choice, causing schools to compete with each other, did not hold up over time in Alum Rock. The mechanisms of changing school size were whittled away.
- o The organizational structure of the school system successfully resisted attempts to be changed from a monopoly to a market system.
- o Throughout the demonstration, decisionmaking was accomplished by negotiation among participants.
- o Those features of the demonstration which would have caused a change in established authority relationships in the school system were hard to implement.
- o The voucher concept envisioned before the initiation of the Alum Rock experiment was not implemented as planned because it was complex, it was not consonant with the established values of the school system, and it would have radically changed the standard operating procedures and organizational structures that existed prior to the initiation of the demonstration.

Parent Choice and Competition Among Schools Didn't Work as Planned

Voucher theorists assumed that consumers would exercise choice, and thereby create shifts in school and program size. Fifteen percent of the children in the demonstration attended programs outside of their neighborhood schools in the third year. However, parents did not succeed in creating large shifts in program size from year to year for several reasons: (1) prior to the voucher demonstration, Alum Rock parents were satisfied with their schools; (2) the district

has a 35 percent annual transiency factor, which makes the development of a sophisticated consumer education program difficult; (3) the counseling and information programs for parents were slow to take effect--the information program did not operate fully until the end of the third year; (4) parents often thought in terms of neighborhood schools, not minischool programs.

Certain school district policies were in conflict with original voucher objectives. The fixing of total school size meant that when popular schools and programs reached capacity, the less popular schools automatically got a substantial enrollment. According to voucher theory and plans, this should not have happened. Also, the policy of maintaining open enrollment until school began caused problems. Minischools, with their need to hire teachers and order materials, needed to know how many students they would have in the fall, and could not tolerate the uncertainty of enrollments which existed in the second year of the voucher demonstration. They therefore established a projected enrollment system which limited the effect which parent choice had on schools.

It was assumed that minischools would actively compete to gain more students so they could grow and get more money. This did not happen. Teachers enjoyed working in small groups. They did not see an advantage in increasing the size of their program, which would have meant more administrative work and more complex organizational problems. Furthermore, after the first year of the demonstration, teachers would not be able to control who was hired for their minischool. They did not want to risk having to work with a teacher who disagreed with their philosophy or methods. Finally, compensatory money was plentiful in the first two years of the experiment and that meant there was little economic incentive to expand.

Negotiated Decisionmaking

During mobilization, the superintendent negotiated agreements between different constituent groups and NIE so that everyone would agree to participate in the demonstration. This style of decision-making was maintained for the first two years of implementation,

although its tone was more consultative than negotiative. The superintendent had decisionmaking authority over the system, but he consulted all participants involved before making a decision. Thus decisions tended to be compromises in which all parties gained part of what they wanted. This style of decisionmaking often softened the various parties' policy positions, but guaranteed their participation in the project.

For example, Sequoia Institute wanted to provide parents with evaluation information on school programs. The principals resisted this provision, saying it would make programs similar by making them "teach to the tests." The compromise was that evaluation information would not be given to parents until the end of the second year. At that time, however, a new compromise was reached whereby parents received information only on the performance of the minischool attended by their children compared to an average minischool. Parents received information about other minischools only if they asked for it. Finally, in the third year, parents received comparative information across programs.

Another example of negotiated decisionmaking was the decision to allow private schools to enter the demonstration. Initially, the superintendent supported the admission of a private school which would have the right to determine its own staffing ratios, salary schedule, and fringe benefit structure. Faced with opposition from the Certificated Employees Council, the superintendent persuaded teachers to approve the admission of a private school--but agreed that the private school would have to adhere to the staffing and salary provisions of the public schools.

Negotiation was an appropriate means for creating policy during the mobilization period, in order to gain the support of different constituents. However, during implementation, negotiated decisionmaking often undercut the intent of policy.

Authority, Influence, and Decisionmaking

Decentralization required changes in the management and influence patterns in the district. The central office staff was to

change its role from one of line authority to one of support for the principal, who was to have complete autonomy at his school in the areas of personnel, curriculum, budget and community relations. Furthermore, the community and school faculties were to have active advisory roles in the school. The conditions necessary to decentralize the school system appeared propitious; the administrators both in the central office and the schools were veterans who had worked together for a long time and held each other and the superintendent in high regard. The six voucher principals were competent and desired increased autonomy. The limited size of the experiment in its first year (6 out of 25 schools) permitted problems that might arise to be ironed out without causing turmoil throughout the district.

The initiation of the demonstration was marked by factionalism and suspicion among the key groups involved in the demonstration as they attempted to define the limits of decentralization and to cope with the technical and administrative problems of innovation. The aim of the voucher principals was to effect as much autonomy as possible at the school level, and to test the limits of their decentralized authority. The nonvoucher principals felt somewhat uneasy about the notoriety given to the voucher schools. The superintendent's staff had to accustom itself to becoming support personnel for the schools and to endure what they considered to be excessive demands from the voucher principals. Sequoia Institute had to implement parent information and parent choice mechanisms which often were threatening to the voucher principals since the voucher principals perceived Sequoia as a centralizing force in the school district.

After three years of the demonstration's operation, the decision-making apparatus had evolved into a system of consultative decision-making. The cleavage among groups and the struggle to define the limits of decentralization diminished over the course of the three years as the constituent groups defined their individual roles and then cooperated to operate as a total system. The superintendent's staff accustomed themselves to operating as support personnel to the schools in the area of budget and personnel while operating as a policy group that framed issues for the superintendent and the administrative

staff. The director of Sequoia Institute functioned as a member of the superintendent's staff and Sequoia Institute's evaluation and budget functions gradually become part of district operations. All principals, voucher and nonvoucher, became accustomed to having autonomy at their schools while having only input on policy decisions at the district level. At no time did the superintendent lose his decisionmaking authority.

The evolution of the decisionmaking structure was affected by three factors: the role of the superintendent, the activities of HRC and Sequoia, and the limits of decentralization. Superintendent Jefferds understood that the changes in roles necessary for decentralization would take time and would be effective only if the different participants in the school system could define their own roles. He saw his function as beginning the decentralization process and then stepping out of the way while actors in the system worked out problems. To facilitate the decentralization process, Jefferds utilized HRC and Sequoia Institute. HRC worked with the principals and superintendent's staff to define their new roles and to help find ways of coping with the ambiguity of organizational change. Sequoia's function was to supervise the implementation of voucher mechanisms and to advise the superintendent on demonstration policy. Both HRC and Sequoia were groups who were brought in for the specific and difficult tasks of decentralizing the district and implementing the voucher demonstration. The utilization of outside groups to undertake tasks which affected the distribution of political influence and decisionmaking in the district allowed the core of the district to remain relatively unscathed during the process of decentralization.

As resources began to shrink in the third year of the demonstration, the administrators realized that the schools were mutually dependent, since the loss of a teacher or an aide in one school would actually mean the laying off of a staff member in another school, because of the seniority rights system.* The understanding that

*For example, a teacher with high seniority dismissed from school 'A' would be transferred to a position in school 'B', where a teacher with low seniority rights would be dismissed, if necessary to make room for the high seniority teacher.

decentralization was limited by financial resources and contractual agreements was also a factor in the various groups achieving more cordial working relationships as the demonstration entered the fourth year.

The Differential Implementation of Voucher Features

Certain proposed voucher mechanisms were difficult to implement because they differed markedly from the district's standard operating procedures, and were potentially disturbing to the political balance of the system. When first attempts to implement such mechanisms failed, they were not attempted again.

The failure of satelliting, the inability to implement decentralization of central services, and the failure of a private school to enter the system are all examples of returning to the status quo after encountering initial problems.

Satelliting was a problem because, if it succeeded, it might have undermined the concept of a school building as the domain of a principal. Also, it would strengthen parent demand as a means of establishing school size.

The decentralization of services presented a problem because if successful, the central office might have had to be directly accountable to the needs of public schools, as opposed to the standard procedure, wherein the central office decides how to allocate services to the schools.

These proposed changes had certain features in common: (1) they did not demand supplementary resources, but were a means of reorganizing the delivery of and control over established basic services; (2) after encountering initial technical or political problems, all three concepts were dropped; (3) the successful implementation of these mechanisms would have introduced uncertainty for school and central district administrators.

That the initial attempts to implement these mechanisms failed is perhaps not surprising, but why weren't they modified and tried again?

The answer may be found by looking at innovations that were gradually implemented after meeting initial problems. Examples are the income-outgo budget, program evaluation, and the school advisory boards. All met with initial resistance but were modified and re-worked until they functioned. They eventually worked because they did not reorganize or change control over basic operations of the school system. Evaluation, although aimed at parents, was supported by the central administration because it afforded a capability to evaluate school performance. Parent advisory councils, although initially resisted by principals, were retained because they allowed communication with parents--without including parents in formal decisionmaking. Parent choice was a potential structural change, whereas parent participation was not. Initially, the income-outgo budget was modified so that budgeting practice would not reflect the real cost of individual programs. It was accepted by schools and minischools as long as it was perceived as a means of giving them control over their resources. It was rejected only after they felt that their financial discretion was too limited to bother with. The central staff supported the development of a budgeting system since it gave them greater potential control over financial decisionmaking.

At the start of the experiment there were many incentives to decentralize. But despite strong incentives, there were considerable pressures and constraints which reenforced centralized practices in the district. The education code recognized only one group accountable for operation of the district. The district's negotiated agreement with teacher organizations standardized transfer and lay-off procedures, and other working conditions. A major centralizing factor was the district's budget, which had to be balanced for the district as a whole. As time passed, these factors would increasingly limit the amount of decentralization of the system.

There were also voluntary aspects of recentralization. For example, the voucher principals chose to operate as a group in order to have a greater political impact than they felt they would have acting as individuals. This voluntary centralization of their political influence occurred because they felt that the decentralization of

curriculum and budget had leapfrogged over them to the minischools, leaving the principals with the responsibility but not the authority to run schools.

The declining district budgets of the third and fourth year caused a shrinkage in decentralized autonomy and provided an opportunity to recentralize budget and personnel functions from the minischool to the school level and from the school to the district level. Teachers sometimes willingly participated in the recentralization process. Many teachers felt vulnerable in minischools, and missed the sense of being part of a total school. They did not like the perceived competition, and sometimes found the administrative chores of managing a minischool a burden. When the monetary discretion decreased, some teachers were willing to give up the minischool form of organization.

Keeping the Core Intact

In discussing mobilization, it was stated that the purpose of the voucher demonstration was to create a basic structural change where parent choice rather than bureaucratic decisions determined the allocation of educational resources.

This basic structural change has not occurred in Alum Rock. The central authority of the district is still intact. As the amount of organizational slack (i.e., discretionary resources) decreases, more and more centralized decisions have been made. The district is more decentralized than it was pre-voucher, but financial considerations have limited the amount of fiscal decentralization possible.

The two outside organizations hired to help implement the voucher experiment, HRC and Sequoia Institute, have completed or are completing their work. They were used to protect the core of the bureaucracy from the potential scarring effect that the voucher experiment could have had. Now that their work is done, they are being phased out and the organizational structure of pre-voucher days remains.

The School System and the Voucher Concept

If viewed as an experiment, the Alum Rock voucher demonstration has yielded valuable information on the issues and problems of implementing a system of parent choice within the constraints of a public school system.

The Alum Rock School District probably responded better to the attempts to voucherize it than many other school systems would have. There was limited opposition from groups in the system, and the leadership was highly effective in getting the different constituents to participate in the demonstration. Furthermore, the district staff was competent and open to the idea of vouchers.

The conditions existing at the beginning of the experiment-- financial need, a flexible teacher organization, voluntary participation of schools and teachers, a community satisfied with its schools and the superintendent's desire to decentralize the system-- made Alum Rock a favorable environment in which to attempt a voucher demonstration. Furthermore, the problems which the school district was trying to solve (i.e., responsiveness to the community and financial solvency) were congruent with the experiment.

If the Alum Rock school district was a good place to attempt a voucher experiment then why does the current state of the demonstration indicate that vouchers as they were initially proposed will not function? To answer this we must look at the nature of a voucher system and the adaptation process which had to occur between the voucher concept and the existing school district organization.

A voucher system is a free market system, where many suppliers of education will offer their services to the public. The belief inherent in a voucher system is that the consumer knows what's best for him and will utilize his choice given the opportunity. Thus, for a typical public school system to be transformed into a voucher system, a set of mechanisms in the areas of school organization, curriculum, parent information, and budgeting would have to replace or augment previously existing procedures. But, school systems are public monopolies in which the allocation of resources and the type of education to

be offered are usually determined by a bureaucracy under the supervision of a lay Board of Trustees, who are legally responsible for the operation of the district.

Implicit in the operation of most school systems is the belief that the professionals should determine what educational offerings are made to children. The routines and procedures of school system operation are codified by law, and have existed for a long period of time.

The results of the implementation of the Alum Rock voucher demonstration to date should not be a surprise. The suggested innovation was in conflict with the pre-existing authority structure of the school district. The beliefs in consumer sovereignty underlying a voucher system were not congruent with the beliefs underlying a public monopoly, and the mechanisms necessary to make a voucher system function were complex and interrelated.

Vouchers were an innovation that was not consonant with the values of the institution, and complex to operationalize. If they only changed the authority structure of the school district, and were not complex to implement or dissonant with pre-existing values, they still would have been difficult to implement as planned. Given the difficulties involved with implementing such a complex and potentially threatening innovation, what is surprising is that it got as far as it did.

In reflecting on the voucher demonstration, it is important to note that the Alum Rock school district did accomplish much of its initial aims. It decentralized operation to the school level, it received needed dollars, and it attempted to increase the schools' responsiveness to the community. The district and school personnel were supportive of the innovation to the extent that it met their purposes and did not substantially affect the pre-existing influence of various groups within the school system.

SUMMARY AND CONCLUSIONS

The Alum Rock experiment was initially designed as a voucher system. After three years of operation, it functioned as a relatively decentralized, open enrollment system of alternative programs. Both the Alum Rock program and the voucher system are organizational innovations where parents and students choose from among a set of educational alternatives. The difference between the two is one of political and economic control. In Alum Rock, the supply of educational options is largely determined by the educational bureaucracy. In a pure voucher system, the supply of options would be largely controlled by consumer demand.

How did a design to transform a typical centralized school system into a voucher system become implemented as a decentralized open enrollment system? The answer to this lies in the complex adaptation process which occurred between the proposed voucher design and the implementing organization. Over time, the only parts of the original voucher demonstration that have survived are those which are most congruent with the ongoing needs of the school system.

In conclusion:

- o The two basic assumptions underlying voucher theory were that parents would actively use their power of choice to make the system operate for their benefit, and that programs would compete with each other for resources. These assumptions were not borne out as fully as expected in the operation of the Alum Rock demonstration.
- o Given the economic, organizational, and political constraints of a school district, it was probably impossible to implement the voucher demonstration as designed because it was complex to implement and would have necessitated changes in existing authority and contractual relationships. In addition, the belief that public education should operate as a free market was not congruent with existing beliefs about education in Alum Rock.

- o The Alum Rock experiment has been a useful first step in looking at the feasibility of vouchers because it has provided considerable information on the issues involved in implementing a voucher system within an existing public school system. The Alum Rock environment was probably more hospitable than many other public school systems due to its manageable size, effective leadership, and its desire to decentralize operations to the school level and be more responsive to community needs. However, Alum Rock is representative of most school systems in its organizational structure, fiscal constraints, and standard procedures of operation.
- o Ambiguity in negotiated agreements played a crucial and paradoxical role in the history of the demonstration. OEO made the initial terms for a voucher experiment ambiguous and less stringent than originally planned, in order to encourage Alum Rock to join. The ambiguity was helpful in the mobilization phase of the experiment but allowed the district such broad latitude in the implementation phase that the voucher concept was severely modified. OEO and NIE were not in a strong bargaining position, and often failed to press for terms which could have made the system more voucher-like.
- o When the district had difficulty implementing a voucher component, it did not, as a rule, make repeated attempts to implement the innovation.
- o Although voucherization can be seen as a system change, it was divided into separate components of budget, parent choice, parent information and school organization. The incremental implementation of the component parts of the innovation allowed for modification of the innovation and helped to prevent its implementation as a whole.
- o The implementation process can be seen as a gradual decentralization of functions followed by an incremental recentralization as organizational slack decreased and participants reconsidered the usefulness of the changes effected by the demonstration.

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THE ALUM ROCK VOUCHER DEMONSTRATION:
THREE YEARS OF IMPLEMENTATION

Levinson